

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGRE-00 L-03 SP-02 PM-04

TRSE-00 PRS-01 NSC-05 CIAE-00 INR-07 NSAE-00

AID-05 COME-00 FRB-03 USIA-06 XMB-02 OPIC-03

LAB-04 EPG-02 SIL-01 OMB-01 IGA-02 /071 W

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P 011657Z JUL 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 2011

C O N F I D E N T I A L LISBON 5089

PASS TREASURY FOR SYVRUD

E.O. 11652: GDS

TAGS: ECON, EFIN, PO

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: A. LISBON 5013 B. LISBON 4656

1. BANK OF PORTUGAL LIQUID RESERVES AND AVAILABLE CREDIT LINES ON JUNE 30 DOWN TO ABOUT \$120 MILLION ACCORDING TO BANK OF PORTUGAL VICE GOVERNOR CONSTANCIO. NET \$80 MILLION DROP SINCE JUNE 15 DUE TO REDUCED RECEIPTS AND LATE JUNE REPAYMENTS OF SHORT-TERM CREDITS. DURING LAST EIGHT DAYS OF JUNE RESERVES DROPPED BY \$115 MILLION. JUNE DEFICIT TOTALLED \$155 MILLION INSTEAD OF PROJECTED \$80 MILLION. BANK OF PORTUGAL NOW PROJECTING PROBABLY \$80 MILLION DEFICIT IN JULY INSTEAD OF PROJECTION MADE IN MAY OF \$40 MILLION. HE CHARACTERIZED SITUATION AS VERY SERIOUS.

2. GOVERNOR SILVA LOPES WILL VISIT BANK OF INTERNATIONAL SETTLEMENTS ON MONDAY TO ATTEMPT ARRANGE SHORT-TERM CREDIT. IF THAT IS UNSUCCESSFUL, HE WILL GO ON TO TALK TO BUNDESBANK. ACCORDING TO CONSTANCIO, ONLY ALTERNATIVES ARE SHORT-TERM SWAP ARRANGEMENT OR SALE OF MORE GOLD "AT ANY PRICE."

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3. COMMATT ASKED WHETHER GOP HAS CONSIDERED REQUESTING RAPID, PRE-OCTOBER DISBURSEMENT OF BILATERAL MEDIUM-TERM LOAN. CONSTANCIO ANSWERED THAT THEY HAD CONSIDERED REQUEST TO GERMANS BUT HAD DECIDED AGAINST IT BECAUSE OF STRONG POSITION AT JUNE 22 MEETING THAT SECOND TRANCHE HAD TO BE NEGOTIATED WITH IMF BEFORE GERMAN DISBURSEMENT. GOP

HAS NOT DISCUSSED PRE-OCTOBER DISBURSEMENT WITH OTHER COUNTRIES.

4. EMBASSY SUGGESTS THAT DEPARTMENT MAY WISH TO INSTRUCT EMBASSIES IN SELECTED COUNTRIES PARTICIPATING IN LOAN PROGRAM TO QUERY HOST GOVERNMENTS ABOUT POSSIBILITY OF PRE-OCTOBER DISBURSEMENT. GOP WOULD OF COURSE SUPPORT ANY USG EFFORTS ON RAPID DISBURSEMENT ACCORDING TO CONSTANCIO, AND IN FACT WILL LOOK INTO POSSIBILITY ITSELF. CONSTANCIO EXPRESSED HIS UNDERSTANDING THAT U.S. COULD NOT SPEED UP DISBURSEMENTS BUT WAS APPRECIATIVE OF USG EFFORTS ON CCC PROGRAM (SEE REFTEL).
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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Sent Date: 01-Jul-1977 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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Disposition History: n/a
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